

**Home School, Inc.**  
**(a development stage company)**  
**BALANCE SHEETS**

	<u>December 31,</u> <u>2008</u>	<u>December 31,</u> <u>2007</u>
<b><u>ASSETS</u></b>		
<b><u>Current Assets</u></b>		
Cash	\$ 958	1,526
Inventory	473	—
Shareholder Receivable	1,000	10,000
Prepaid Expenses	<u>6,302</u>	<u>3,426</u>
<b>TOTAL CURRENT ASSETS</b>	8,733	14,952
<b>Equipment, net of accumulated depreciation of \$3,742 and \$1,268 respectively</b>	5,646	6,326
<b>Website, net of accumulated amortization of \$424,629 and \$122,247 respectively</b>	507,309	501,579
<b><u>Other Assets</u></b>		
Deposits	<u>2,780</u>	<u>2,780</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 524,468</u></u>	<u><u>\$ 525,637</u></u>
<b><u>LIABILITIES AND STOCKHOLDERS' (DEFICIT)</u></b>		
<b><u>CURRENT LIABILITIES</u></b>		
Accounts Payable	\$ 131,673	69,262
Accounts Payable - Related Party	39,984	—
Accrued Payroll	86,972	178,714
Accrued Interest - Convertible Note Stockholder	225,929	—
Deferred Revenue	375	—
Prepaid Advertising	2,700	—
Note Payable	40,000	—
Convertible Notes Payable - Stockholder	300,000	—
Loans Payable - Related Party	<u>70,499</u>	<u>40,000</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>898,132</u>	<u>287,976</u>
<b><u>STOCKHOLDERS' EQUITY / (DEFICIT)</u></b>		
Common Stock - Par value \$0.001; Authorized: 500,000,000 Issued and Outstanding: 288,640,625 and 273,401,465 in 2008 and 2007, respectively.	288,641	273,402
Additional Paid-In Capital	3,976,401	2,028,555
Deficit accumulated during development stage	<u>(4,638,706)</u>	<u>(2,064,296)</u>
<b>Total Stockholders' Equity / (Deficit)</b>	<u>(373,664)</u>	<u>237,661</u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY / (DEFICIT)</b>	<u><u>\$ 524,468</u></u>	<u><u>\$ 525,637</u></u>

The accompanying notes are integral parts of these financial statements.



**Home School, Inc.**  
**(a development stage company)**  
**STATEMENTS OF OPERATIONS**

	For the Year Ended December 31,		For the period October 17, 2005 (inception) to December 31, 2008
	2008	2007	
Revenue - Product Sales, net	\$ 58,793	\$ 16,211	\$ 75,003
Revenue - Advertising	13,971	1,427	15,398
<b>Total Revenue</b>	<b>\$ 72,764</b>	<b>\$ 17,638</b>	<b>\$ 90,401</b>
Cost of Revenue - Product Sales	40,930	11,563	\$ 52,493
Cost of Revenue - Advertising	—	—	—
<b>Total Cost of Revenue</b>	<b>40,930</b>	<b>11,563</b>	<b>52,493</b>
<b>Gross Profit</b>	<b>31,834</b>	<b>6,075</b>	<b>37,908</b>
Professional Fees	91,926	94,049	370,475
Board Compensation	744,848	78,000	866,348
Development Expenses	—	67,656	67,656
Depreciation and Amortization	299,857	127,913	428,371
Marketing	90,429	107,288	197,718
Employee Compensation	983,205	509,858	1,923,119
General and Administrative	93,992	79,312	308,569
<b>Total Operating Expenses</b>	<b>2,304,257</b>	<b>1,064,076</b>	<b>4,162,256</b>
<b>Loss from Operations</b>	<b>(2,272,423)</b>	<b>(1,058,001)</b>	<b>(4,124,348)</b>
Extinguishment of Debt	—	(212,500)	(212,500)
Interest Income	153	129	282
Interest Expense	(302,140)	—	(302,140)
<b>Total Other Income/Expense</b>	<b>(301,987)</b>	<b>(212,371)</b>	<b>(514,358)</b>
<b>Provision for Income Taxes</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Net Loss</b>	<b>\$ (2,574,410)</b>	<b>\$ (1,270,372)</b>	<b>\$ (4,638,706)</b>
<b>Net Loss Per Share - basic and diluted</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>	
<b>Weighted average number of shares outstanding during the period - basic and diluted</b>	<b>282,444,002</b>	<b>245,933,125</b>	

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**Home School, Inc.**  
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**STATEMENT OF STOCKHOLDERS' EQUITY (DEFICIT)**  
**From inception (October 17, 2005) through December 31, 2008**

	Common stock \$0.00 Par Value		Additional paid-in capital	Deficit Accumulated during the Development Stage	Total Stockholder's Equity (Deficiency)
	Shares	Amount			
Shares issued to founders	180,000,000	\$180,000	\$ (80,000)	\$ —	100,000
Net Loss				(100,000)	(100,000)
Balance, December 31, 2005	180,000,000	180,000	(80,000)	(100,000)	—
Shares issued for cash (\$0.01 per share)	18,000,000	18,000	182,000	—	200,000
Shares issued for cash (\$0.03 per share)	7,324,080	7,324	161,708	—	169,032
Shares issued for cash (\$0.02 per share)	2,070,000	2,070	42,498	—	44,568
Shares issued for board compensation (\$0.01 per share)	945,000	945	9,555	—	10,500
Shares issued for board compensation (\$0.02 per share)	495,000	495	10,505	—	11,000
Shares issued for board compensation (\$0.03 per share)	880,020	880	21,120	—	22,000
Shares issued for employee services (\$0.02 per share)	15,705	16	329	—	345
Shares issued for employee services (\$0.03 per share)	501,300	501	12,032	—	12,533
Shares issued for services (\$0.01 per share)	12,600,000	12,600	127,400	—	140,000
Shares issued for consulting services (\$0.02 per share)	900,000	900	19,100	—	20,000
Shares issued for consulting services (\$0.03 per share)	800,000	800	19,200	—	20,000
Options issued for employee services	—	—	204,816	—	204,816
Net loss, December 31, 2006	—	—	—	(693,923)	(693,923)
Balance, December 31, 2006	224,531,105	224,531	730,263	(793,923)	160,871
Shares issued for cash (\$0.03 per share)	13,962,000	13,962	385,039	—	399,001
Shares and options issued for cash (\$0.03 per share)	4,734,000	4,734	153,066	—	157,800
Shares issued for exercise of options (\$0.01/share)	8,100,000	8,100	81,900	—	90,000
Shares issued for board compensation (\$0.03 per share)	2,457,000	2,457	75,543	—	78,000
Shares issued for employee services (\$0.03 per share)	662,940	663	16,040	—	16,704
Shares issued for employee services (\$0.01 per share)	2,622,420	2,622	26,516	—	29,138
Shares issued for consulting services (\$0.03 per share)	1,032,000	1,032	33,368	—	34,400
Shares issued for debt (\$0.03 per share)	15,300,000	15,300	367,200	—	382,500
In-kind contribution of interest	—	—	1,900	—	1,900
Options issued for website development (\$0.03 per share)	—	—	102,676	—	102,676
Options issued for employee services	—	—	55,045	—	55,045
Net Loss, December 31, 2007	—	—	—	(1,270,373)	(1,270,373)
Balance, December 31, 2007	273,401,465	273,401	2,028,556	(2,064,296)	237,661
Shares issued for cash (\$0.03 per share)	10,919,160	10,919	352,940	—	363,859

**EXHIBIT A 3/4**

Shares issued for interest on note (\$0.03 per share)	2,160,000	2,160	69,840	—	72,000
Shares issued for board compensation (\$0.03 per share)	2,160,000	2,160	69,840	—	72,000
In-kind contribution of interest	—	—	3,661	—	3,661
Options issued for employee services			1,294,065	—	1,294,065
Options issued for deferred compensation (\$0.03 per share)			157,500	—	157,500
Net Loss, December 31, 2008	—	—	—	(2,574,410)	(2,574,410)
<b>Balance, December 31, 2008</b>	<b><u>288,640,625</u></b>	<b><u>288,640</u></b>	<b><u>3,976,402</u></b>	<b><u>(4,638,706)</u></b>	<b><u>(373,664)</u></b>

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